

Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 TRSE-00 EUR-12

ERDA-05 ISO-00 MC-02 /027 W
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R 101500Z SEP 75

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 4116

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L SECTION 1 OF 2 BELGRADE 4796

EXCON

E.O. 11652: GDS

TAGS: ESTC, YO

SUBJ: EXPORT CONTROL

REF : (A) BELGRADE 4487,(B) STATE 131916 (C) STATE 172762

(D) STATE 144594

SUMMARY: EMBOFFS HAVE HAD TWO INTERESTING AND FRUITFUL MEETINGS WITH YUGOSLAV CHAMBER OF ECONOMY OFFICIAL, DIMOV, ON EXPORT CONTROL. DIMOV PROVIDED INFORMATION ON MANY OUTSTANDING CASES AND DISPLAYED POSITIVE ATTITUDE AND INTEREST IN MAINTAINING CONTROL. DURING MEETINGS HE REQUESTED GUIDANCE FROM OEA ON QUESTIONS DEALING WITH CONSIGNMENT STOCKS, TECHNOLOGY TRANSFER, AND ISSUANCE OF DUPLICATE CERTIFICATES. ACTION REQUESTED: REQUEST EMBASSY BE PROVIDED INFORMATION REQUESTED BY DIMOV
END SUMMARY.

1. ON TWO RECENT OCCASIONS EMBOFFS HAVE MET WITH DEJAN DIMOV, YUGOSLAV CHAMBER OF ECONOMY'S CHIEF OFFICIAL, ON EXPORT CONTROL MATTERS. BOTH MEETINGS PROVED INTERESTING AND USEFUL IN DEVELOPING INFORMATION ON SPECIFIC CASES (REPORTED REFTEL) AND ON DIMOV'S ATTITUDE TOWARD AND PROCEDURES FOR EXPORT CONTROL.

2. ON BOTH OFFICIAL AND PERSONAL BASIS DIMOV EXPRESSED POSITIVE
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ATTITUDE TOWARD HIS PART IN THE CONTROL FUNCTION. HE EMPHASIZED

DESIRE FOR MAINTAINING AND IMPROVING US-YUGOSLAV RELATIONS IN ALL AREAS. HE STRESSED IMPORTANT ROLE US HIGH TECHNOLOGY EQUIPMENT PLAYS IN DEVELOPMENT OF YUGOSLAV ECONOMY AND EXPRESSED WILLINGNESS TO DO ALL IN HIS POWER TO PROVIDE INFORMATION REQUESTED BY US OFFICIALS. HE AGREED THAT DIRECT NOTIFICATION OF EUC ISSUANCE WAS DESIRABLE AND WOULD PURSUE THIS. HE FELT IT BETTER (AND WE AGREED) TO CLEAR UP OUTSTANDING CASES AND COMPLETE INTERANAL PROCEDURES BEFORE PUSHING FOR AGREEMENT ON DIRECT NOTIFICATION.

3. AS EXAMPLE OF COOPERATIVE ATTITUDE, DIMOV SHOWED EMBOFF STATEMENTS CONFIRMING ENDUSER AND ENDUSE FOR BEWT 158202 EUC U-46) REPORTED IN PARA 13, REFTEL (A), REFERRING TO OEA STATEMENT THAT EQUIPMENT OVER-QUALIFIED FOR STATED USE, DIMOV STATED HE WAS NOT TECHNICALLY QUALIFIED TO JUDGE AND OFFERED TO REVOKE EUC. NOTING POSSIBLE ERRORS IN TRANSLATION (SERBO-CROATIAN TEXT STATES "PROGRAMSKIH MASINA" OR PROCESS CONTROL MACHINERY RATHER THAN MACHINES IN PRODUCTION PROGRAM, AS IN REFTEL (B), EMBOFFS SUGGESTED HE NOT REVOKE EUC AND AWAIT OEA'S REVIEW OF CORRECTLY STATE ENDUSE..

4. IN DIMOV'S OPINION, FOREIGN TRADE FIRMS WITH VERY NARROW VIEW OF THEIR OWN SELF-INTEREST PROVIDE ONLY HAZARD OF POSSIBLE DIVERSION. ENDUSERS SUCH AS SCHOOLS, MANUFACTURERS, ETC. HAVE LITTLE OR NO INTEREST IN TRADE AS SUCH. THUS HE HAS FEWER RESERVATIONS ON THIS GROUP'S STATEMENTS OF NEED FOR AND USE OF EQUIPMENT.

5. DIMOV VOLUNTEERED INFORMATION ON PROCEDURES ESTABLISHED FOR IMPORTS DESTINED FOR YUGOSLAV MILITARY USE. INITIALLY HE OBTAINED AGREEMENT THAT EACH APPLICATION FOR EUC COVERING EQUIPMENT GOING DIRECTLY TO MILITARY WOULD INCLUDE STATEMENT SIGNED BY MILITARY LIAISON OFFICE IN BELGRADE. NOW THIS STATEMENT ALSO BEING PROVIDED FOR COMPONENTS AND PARTS GOING TO MANUFACTURER WHEN COMPLETED EQUIPMENT DESTINED FOR YUGOSLAV MILITARY USE.

6. IN ORDER TO CHECK HIS OWN PROCEDURES, DIMOV IS ALSO CONDUCTING POST-SHIPMENT CHECKS ON ALL EUC'S PROCESSED FROM JANUARY THROUGH AUGUST 1975. HE SHOWED EMBOFFS LETTER REQUESTING CONFIDENTIAL

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THAT YUGOSLAV FEDERAL INSPECTION SERVICE CONDUCT CHECKS ON LONG LIST OF EUC'S.

7. DIMOV ALSO REQUESTED GUIDANCE FROM USDOC ON HOW OEA PREFERS HE HANDLE SEVERAL SITUATIONS RELATING TO ISSUANCE OF EUC'S.

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TO SECSTATE WASHDC 4117

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L SECTION 2 OF 2 BELGRADE 4796

EXCON

8. CONSIGNMENT STOCK. INTERTRADE, YUGOSLAV REPRESENTATIVE FOR IBM, HAS REQUESTED EUC FOR ABOUT \$1 MILLION IN SPARE PARTS FOR CONSIGNMENT STOCK. PARTS WOULD REMAIN IN CUSTOMS-BONDED WAREHOUSE UNDER CONSIGNMENT UNTIL NEEDED BY INTERTRADE FOR SERVICING IBM EQUIPMENT IN YUGOSLAVIA. TOTAL LIST OF PARTS INCLUDES THOUSANDS OF ITEMS, MANY OF THEM OF LOW TECHNICAL CONTENT AND SMALL VALUE. BECAUSE SPARE PARTS ARE AN URGENT NEED, DIMOV HAS ISSUED EUC FOR THIS ORDER BUT REQUESTS GUIDANCE FOR FUTURE ON FOLLOWING QUESTIONS:

A. WHAT INFORMATION WILL OEA NEED ON EUC?

B. SINCE SPARE PARTS ARE REGULARLY NEEDED, OFTEN ON URGENT BASIS HOW CAN SUCH ORDERS BE HANDLED QUICKLY AND EASILY?

COMMENT: MANY U.S. FIRMS APPOINT YUGOSLAV ENTERPRISES AS AGENTS FOR SALE AND SERVICE OF THEIR PRODUCTS IN YUGOSLAVIA. AGENCY AGREEMENTS OFTEN INCLUDE CONSIGNMENT STOCKS OF EITHER FINISHED GOODS FOR SALE, AND/OR SPARE PARTS REQUIRED FOR EQUIPMENT ALREADY IN USE BY YUGOSLAV ORGANIZATIONS. SUCH GOODS REMAIN IN CUSTOMS BONDED WAREHOUSE AS PROPERTY OF U.S. FIRM UNTIL SOLD TO ENDUSERS. ENDUSERS ARE NOT KNOWN UNTIL MOMENT OF SALE. YUGOSLAV AGENTS ARE BONDED BY TERMS OF AGREEMENT WITH U.S. FIRMS AND GENERALLY EAGER TO MAINTAIN GOOD RELATIONSHIP WITH THEIR PRINCIPALS. EMBASSY SOLICITS OEA GUIDANCE ON HOW WE MAY SET UP PROCEDURES FOR HANDLING BOTH TYPES OF CONSIGNMENT STOCK. PERHAPS U.S. FIRM COULD FURNISH LIST TO OEA SHOWING EQUIPMENT IN YUGOSLAVIA BY
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CUSTOMER AND PROPOSED LEVEL OF SPARE PARTS FOR SERVICING THIS EQUIPMENT.

10. DUPLICATE EUC'S. IN TWO CASES PENDING PRE - LICENSE CHECKS (BEWT 159210, EUC U-445, INTEL CORP. TO JUGOTURBINA (REFTEL D, PARA 5) AND BEWT 150622, EUC U-2116, ANALOG DEVICES INC. TO JEKLOTEHNA (REFTEL C, PARA 4)), EUROPEAN OFFICES OF U.S. FIRMS CONCERNED HAVE REQUESTED NEW EUC'S BECAUSE "ORIGINAL LOST IN TRANSIT TO HOME OFFICEM" DIMOV IS WILLING TO ISSUE COPY TO EUC CLEARLY MARKED "DUPLICATE" BUT WOULD NOT ISSUE NEW EUC WITHOUT RETURN OF ORIGINAL. EMBOFF SUGGESTED HE DELAY ACTION PENDING REPLY FROM OEA. QUESTION BY EMBASSY: IS ORIGINAL EUC SUBMITTED WITH EXPORT LICENSE APPLICATION AND HELD IN OEA PENDING DECISION ON CASE? IF NOT, IS DUPLICATE ACCEPTABLE FOR EXPORT LICENSE APPLICATION? PLEASE ADVISE.

10. EUC FOR "KNOW-HOW". ISKRA HAS REQUESTED DIMOV ISSUE EUC FOR IMPORT OF "KNOW-HOW." AS BACKUP THEY SUBMITTED COPY OF AGREEMENT CONCLUDED WITH AMERICAN MICROSYSTEMS INC, OF SANTA CLARA, CALIF. FOR "SALE OF EQUIPMENT AND KNOW-HOW FOR MOS/ISL" (LETTERS MAY NOT BE EXACT). DIMOV HAS REFUSED EUC BECAUSE HE CANNOT VERIFY KNOW-HOW IS NOT PASSED ON. HE REQUESTED INFORMATION ON FOLLOWING:

A. IS EUC REQUIRED FOR SUCH TRANSFER OF KNOW-HOW OR IS IMPORTER OVER-ZEALOUS IN REQUESTING EUC?

B. IS SUCH AN AGREEMENT SUFFICIENT GUARANTEE AGAINST DIVERSION FOR OEA IF TERMS OF AGREEMENT RESTRICT USE OF TECHNOLOGY TO ENDUSER/PURCHASER?

1. DIMOV HAS OBTAINED COPIES OF FOLLOWING DOCUMENTS:

A. LETTER FROM INTERTRADE (IBM'S YUGOSLAV AGENT) TO WEST GERMAN BUNDESAMT FUER GEWERBLICHE WIRTSCHAFT. THIS LETTER REQUESTS PERMISSION TO IMPORT ELECTRONIC COMPUTER SYSTEMS, CPU'S, INPUT/ OUTPUT AND DATA STORAGE UNITS, MAGNETIC MEMORY UNITS, ETC. FROM IBM GMBH AND STATES THESE ITEMS WILL NOT BE REEXPORTED TO LISTED COUNTRIES (LIST INCLUDES INTER ALIA ALL EAST EUROPE COMMUNIST COUNTRIES) WITH SPECIAL PERMISSION.

B. BUNDESAMT REPLIED GIVING INTERTRADE PERMISSION FOR ONE YEAR TO IMPORT LISTED ITEMS AND TO REEXPORT THEM TO WESTERN COUNTRIES EXCEPT SOUTHER RHODESIA. DIMOV WOULD LIKE TO KNOW WHAT THESE DOCUMENTS MEAN AND HOW THEY AFFECT HIS ISSUANCE OF

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EUC'S AND CONTROL OF U.S. TECHNOLOGY EXPORTS.

12. IN REGARD TO SUSPECTED DIVERSION OF DIE BONDERS SOLD BY

WEST BOND TO ELEKTROTEHNA, DIMOV STATED THAT INVESTIGATION BY FEDERAL INSPECTION SERVICE NOT YET COMPLETED. HE HAS CONFIRMED THAT EQUIPMENT IS NOT IN YUGOSLAVIA AND THAT IT IS PROBABLY IN POLAND. HE STATED THAT HE WILL INFORM US OF FINAL RESULTS BUT ASSERTED ELEKTROTEHNA WILL BE STRONGLY PUNISHED."

13. ACTION REQUESTED: REQUEST EMBASSY BE PROVIDED INFORMATION AND GUIDANCE FOR REPLY TO DIMOV. EMBASSY WOULD LIKE TO PROVIDE REPLY AS SOON AS POSSIBLE IN ORDER TO MAINTAIN AND STRENGTHEN GOOD RELATIONS DEVELOPING WITH HIM.
SILBERMAN

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